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THE DEMAND AND PRICE SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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MAY 21 1938

WASHINGTON, D.C.

MAY 16, 1938.

INDUSTRIAL PRODUCTION IN TEN COUNTRIES, 1920-38*

INDEX NUMBERS (1923-25=100)



THESE INDEX NUMBERS ARE COMBINED TO FORM THE WEIGHTED INDEX NUMBER OF WORLD INDUSTRIAL PRODUCTION
* STRIKES IN COAL AND COTTON INDUSTRIES

DOMESTIC DEMAND

Weakness in the domestic demand for farm products is expected to continue during the spring and summer, with some additional decline not unlikely. Until fall, however, changes in prices of farm products in general are more likely to result from changes in prospective supplies than from marked alterations in the demand situation.

Since the first of the year the volume of industrial production has fluctuated narrowly. The slight increase which occurred was less than seasonal, resulting in a slight decline in the Federal Reserve seasonally adjusted index. The index is estimated at 75 for April, a one-point drop from that of February and March. Recent changes in manufacturing output have been small in both the durable and nondurable goods industries. Steel mill activity was down slightly in April, and the rise in automobile assemblies was much less than in other years. Textile mill activity continued on a restricted basis. Residential building contracts, which increased sharply in March, declined during the first half of April, but remained materially above the low levels of January and February. Distribution of commodities to consumers apparently continued considerably above production, but at a level lower than a year earlier.

There are a number of reasons why the volume of industrial activity may be expected to continue relatively stable for some time. The downward pressure in many lines has spent itself, with output at the reduced level generally no more than sufficient to care for current requirements under recession conditions. Since the cessation of the precipitous decline in industrial output sufficient time has elapsed to allow for adjustments in employment, consumer purchasing power, inventories, and other items which tend to lag behind production. Thus, the "vicious spiral" of recession, as it applies to production and purchasing power, has been greatly decelerated. Because of the relatively small expansion of bank credit for private uses prior to last fall, there has been no spiral of financial deflation comparable with that in other depressions. Thus, a renewal of the sharp downswing probably will not occur unless there should develop important new unfavorable elements in the situation which are not now in sight.

On the other hand, there is an absence of strong forces pushing upward. While developments in the building industry are mildly encouraging, no boom is in prospect for this season. Likewise, no evidence points to any sharp increase in railroad buying, utility construction, or in other lines which sometimes are sufficiently important to swing the general tide of business. The government spending and lending program announced last month may require some time to become fully effective in adding to consumer purchasing power. And so far there has been little or no evidence pointing to the immediate development of an inflationary psychology on the part of business men which might lead to advance buying of materials

and finished goods. Hand-to-mouth buying continues in practically all lines, and will likely continue until price prospects strengthen materially. Since sharp or sustained upward movements of industrial activity are practically always associated with increases in forward buying, this is an important condition indicating no quick recovery from present levels of output.

Though the present and prospective near-term forces affecting industry appear to be more nearly at dead center than at any time in recent years, certain situations in specific industries, particularly automobiles, may result in some further slowing up of industrial production before any material improvement is observed. Automobile production has reached the usual peak season without any marked upturn. With manufacturers and dealers anxious to avoid the danger of carrying old models over into the new season, and with the months of declining sales now at hand, it is possible that output schedules will be reduced earlier and more drastically than usual this year. This situation would be reflected in numerous industries that supply automotive materials. In other industries further adjustments of employment and payrolls to present reduced levels of output may occur. In view of these possibilities there may be some additional declines in consumer purchasing power and the demand for farm products during the summer. This weakening is not likely to be very marked, however, and the indications of an irregular sidewise movement of industrial activity and demand, as given in previous issues of this report, still hold good.

FOREIGN DEMAND

World industrial production and the foreign demand for agricultural products apparently continues to recede. Industrial activity in some of the major foreign countries has continued the decline which began in November 1937.

The index of world industrial production, excluding the United States, declined slightly from January to February, the latest month for which data are available, because sharply increased production in three countries - Germany, Italy, and Poland - nearly offset additional declines in the other countries. International trade was again lower in February, and stocks of raw materials continued to increase.

In England the trade recession appears to be continuing. Railway receipts are falling, with declines principally in freight traffic. Although employment increased in March, the improvement was appreciably less than seasonal. London bank clearings have declined 13 percent since January, and the provincial clearings, which reflect trade conditions more closely, fell even more rapidly. The value of building plans approved in March

by local authorities in 146 of the principal towns in Great Britain is 12 percent lower than a year ago, and the value of new factories and workshops is approximately cut in half. The March value, however, is somewhat above that for February, a shorter month. Building construction in Great Britain has declined since the high point reached in the summer of 1936.

Industrial activity in Canada, France, Belgium, and Czechoslovakia declined further in February, and available information indicates that the decline continued in March. The contraction in the production of consumers' goods in France has been particularly in evidence. In Italy no general slackening in industrial production is indicated.

The seasonally adjusted index of the volume of agricultural products exported from the United States declined to 79 percent of the pre-war average in March from the 2-year high point of 91 in January. Declines from February to March in exports of wheat and other grains - also of lard and unmanufactured tobacco - more than offset gains in exports of cotton, fruits, and cured pork.

Compared with a year ago, almost all agricultural exports have increased substantially both in volume and value. Exports of cotton, however, were smaller in March than a year ago; the current low prices of raw cotton lessened their value and the reduced shipments to Japan accounted for some of the decrease in both value and volume. Since March, purchases of American cotton by Japan have increased, and are expected to continue fairly large in the next few months.

Recent devaluation of the French franc will have varied effects on American export trade. The devalued currency will increase somewhat the cost of United States products in France, and thereby reduce imports of some of these products. This may be offset, however, by the possible beneficial effects of stabilization on the general economy and buying power of France. In recent months our exports to France have been decreasing, in contrast to the continued gains in shipments to Europe as a whole. Should France's devaluation result in retaliatory action on the part of other European nations, the effects on foreign exchange rates might be adverse to our export outlets for farm products.

United States imports have declined sharply in recent months. The value of imports in March were 40 percent lower than in March 1937. Imports of several raw materials were only a fraction of the volume brought in a year ago. Wool imports in March, for example, were only 8 percent - and imports of hides were less than 25 percent - of the March 1937 volume. This rapid drop in United States imports for a full 12 months has curtailed the purchasing power of foreign countries, and the value of all United States export sales has declined considerably since the recent peak in October.

For several years manufactured goods have been prominent among our exports. In 1937, however, a number of agricultural items, such as grains, assumed a more prominent place, reflecting large crops.

WHOLESALE PRICES

The general level of wholesale prices in April persisted in its downward trend for the ninth consecutive month. Prices in late April and early May, at 78 percent of the 1926 average, were back to the level of May 1936, having lost all of the price rise from that month to the recovery high point in April 1937. For reasons enumerated in the previous issue of this report some further recession is likely before a sustained upturn may be expected.

From the 1937 high, the general level of wholesale prices has declined about 12 percent compared with a decline of 30 percent in prices of farm products and 19 percent in food prices. The general level of prices of commodities other than farm products and foods is still within 5 percent of last year's peak, though declines for the various groups involved differ widely. The declines range from 15 percent in textiles to little or no change in prices of metals and of fuel and lighting materials.

Wholesale prices of raw materials have declined 23 percent since the 1937 peak in April and of semi-manufactured articles 17 percent, whereas wholesale prices of finished articles, which did not reach their 1937 peak until late September, have declined only 8 percent.

The ratio of wholesale prices of farm products to wholesale prices of nonagricultural products for the week ended May 7 was 80 percent of the pre-war level, compared with 100 for the corresponding week a year ago.

Prices in most of the major foreign countries have declined in recent months. Price trends in England, Canada, Belgium and Poland have been downward since last summer, and those in the Netherlands have declined since autumn. Prices in Japan, on the other hand, have risen steadily since October. In France the general price level has continued relatively stable in recent months, with the opposing tendencies of the various groups about offsetting one another. Prices of imported products in France have risen as a result of further currency devaluation, and industrial products also have tended to rise. Agricultural prices in France, however, have weakened and prices of domestic products as a whole have fluctuated little.

Wholesale prices in China (Shanghai), the publication of which was suspended in August 1937, are again available. A high point in Shanghai prices was reached in December 1937 at 56 percent above the low of July 1935. Since December, prices in China have declined steadily.

The combined index of wholesale prices in the currencies of nine foreign countries which are important markets for American farm products, has declined moderately since January. In March the index was down to 87.6 percent of the 1924-29 average -- the lowest level since April 1937.

PRICES RECEIVED AND PAID BY FARMERS

The general level of prices received by farmers in mid-April was down to 94 percent of pre-war, the lowest since July 1934, compared with 96 in March and 130 in April 1937. Prices of cotton and cottonseed rose slightly, and truck crops advanced sharply from March to April; prices of chickens and eggs were unchanged. All other groups of farm prices, however, declined during the month. The level of prices paid by farmers for commodities on April 15 was estimated at 125 percent of pre-war, the same as a month earlier, compared with 134 in April 1937. The ratio of prices received to prices paid by farmers declined to 75 in April compared with 77 in March and 97 in April last year.

Changes in market prices indicate that some further decline in the level of prices received by farmers has occurred since mid-April. Prices of grains - particularly wheat - and of cotton, livestock and other products, have declined.

FARM INCOME

Increased marketings of farm products more than offset the decline in farm prices from March to April. As a result, farm income in April declined less than seasonally from March. Income from all grains, except corn, was considerably lower than a year earlier but increased slightly from March to April. Income from all other crops, except tobacco, was also considerably lower than a year earlier. Income from livestock and livestock products in April was somewhat smaller than a year ago and declined slightly more than usual from March to April. The unusually heavy production of milk in April resulted in a material increase in sales of dairy products over a year ago, which about offset the effect on income of the decline in price.

Income from farm marketings usually reaches its seasonal low point in April and the seasonal trend is upward from then to October. While further weakness may develop in the prices of some of the more important farm commodities during the next 2 or 3 months, farm marketings are likely to increase more than seasonally, so that changes in farm income are not likely to deviate materially from the usual seasonal trend.

Government payments in the next few months are expected to be materially larger than in the same months of 1937.

COTTON

Domestic cotton prices strengthened considerably in mid-April with Middling 7/8 inch in the 10 markets advancing to 9.05 cents on April 21. This, the highest price for more than a month, was one-half cent above the average for the first full week in April. Domestic cotton prices declined considerably in late April but on May 10 were still about one-eighth cent above those of a month earlier, although approximately $4\frac{1}{2}$ cents lower than a year earlier.

Reports pertaining to cotton mill activity for the most part continued unfavorable during April and early May. Indications are that in April the cotton mills of the world were, on the whole, slightly less active on a seasonally adjusted basis than in March, thus continuing the downward trend of the past year. It is significant, however, that within the past 2 or 3 months the downward trend in mill activity in many countries, including the United States, has at least temporarily come to a halt. In March the estimated world consumption of all cotton was approximately 20 percent less than the unusually high level of a year earlier, according to reports of the New York Cotton Exchange Service. In the United States, however, March consumption was 34 percent less than a year earlier and in April was 44 percent lower than in April 1937.

In view of the current rate of cotton mill activity and the rate existing during the earlier months of the season, mills throughout the world no doubt will consume much less cotton in 1937-38 than in 1936-37. In fact, total consumption could easily be as much as $3\frac{1}{2}$ million bales less than in 1936-37, even if mill activity should increase considerably before the end of the season.

The outlook with respect to world consumption and present estimates of supplies indicate that the total world carry-over of cotton on August 1, 1938, may exceed that of a year earlier by 10 million bales and that of the previous high reached in 1932 by as much as 5 million bales. The carry-over of American cotton seems likely to be in the neighborhood of 13 million bales, which is about equal to the peak of 1932 and more than twice as large as on August 1, 1937. The 1938-39 production of American and foreign cotton could, therefore, show a very material decline without resulting in the supply of cotton for 1938-39 being any smaller than the record supply of 1937-38.

WHEAT

The trend in domestic and foreign wheat prices is expected to continue downward as adjustment is made toward the new-crop basis. While prospects at present are for a large world crop, any reverses over wide areas will be reflected in higher prices. This is especially true of hard milling wheat, since remaining world stocks of good quality hard wheat are small.

A winter wheat crop in the United States of 754 million bushels was indicated by the May 1 condition. This is about 4 percent more wheat than indicated a month earlier. Conditions have been generally favorable for the early seeding of spring wheat although additional moisture is still needed in western North Dakota and eastern Montana. It is still too early to forecast spring wheat yields. If yields are average on the acreage indicated in the March 1 prospective plantings report, however, a spring wheat crop of about 200 million bushels would be produced. If these indications materialize, domestic production of all wheat would total approximately 950 million bushels. A crop of this size would be about 280 million bushels in excess of the 5-year (1932-36) average domestic disappearance of 670 million bushels. If the carry-over on July 1 this year turns out to be about 200 million bushels and exports in 1938-39 do not exceed those for 1937-38, the carry-over into July 1939 may approximate the 378 million bushels carried over in 1933.

As at least a partial offset to the effect of this supply situation on price, loans provided under the Agricultural Adjustment Act of 1938 would cause grain to be withheld from market and thereby serve as a check on declining prices. If parity price remains about unchanged, loans to farmers under the Act would average not less than 60 cents, about 10 cents lower than present average local market prices.

On the basis of early indications, a world crop larger than last year is in prospect. Moisture conditions in Canada are better than they have been for several years. Conditions in Europe are about average except in the Mediterranean countries where prospects are still below normal. Prospects in the Danubian countries are a little less favorable than a month ago. If weather conditions continue favorable in Argentina, a larger acreage than last year is expected. A smaller acreage is expected in Australia but any resulting decrease in production could easily be more than offset by more nearly normal yields in Argentina and Canada than occurred last year.

CORN AND OTHER FEED GRAINS

The cash price of corn and oats at Chicago declined slightly from the week ended April 9 to the week ended May 7, while prices of feeding barley at Minneapolis advanced about 3 cents per bushel, after declining during February and March. Prices of oats and barley may be expected to make about the usual seasonal decline during the next 2 or 3 months, if growing conditions continue favorable. A fairly stable level of corn prices is in prospect for the next few months, unless the growing season proves unfavorable. If the crop is again average or above, prices probably will be supported by a loan program, and little decline from the present level would be likely to occur. Corn planting has progressed rapidly this season, and in early May a larger-than-average percentage of the Corn Belt acreage had been seeded.

During the first 7 months of the present crop marketing year (October - April) receipts of corn at principal markets totaled 201 million bushels, the largest for this period since 1927-28 and more than double the small receipts last year. The amount of corn which has gone under the loan remains relatively small. Prior to May 5 loans had been made on slightly more than 42 million bushels.

Corn exports during the past month were heavier than in the same period of any recent year. Preliminary statistics for the period October 1 through April 30 indicate that exports exceeded 49,700,000 bushels. It now seems probable that exports will continue fairly heavy for some time in view of the small Argentine crop now being harvested. Small amounts of this crop already have been shipped to Europe, and as the quantity exported increases, it may be expected to compete with domestic corn and cause a temporary slackening in our export movement. If the 1938 domestic crop is near average, however, exports may be comparatively large again next fall and winter, after the Argentine crop has been sold.

HOGS

Market supplies of hogs for the remainder of the present marketing year, which ends September 30, will be considerably larger than those of last summer. The increase in marketings, however, will be partly offset by the smaller storage stocks of pork and lard now on hand as compared with a year ago. Some seasonal expansion in hog marketings from the April level is expected during May and June as marketings of 1937 fall pigs reach large volume. Because of the relatively small storage stocks only moderate further weakness in hog prices in the next 2 months appears probable. The seasonal rise in hog prices in the late summer probably will be rather limited in view of the continued weak consumer demand for meats.

Marketings of sows for slaughter during the winter and spring months were very small, and fairly large increases in the 1938 spring pig crop over that of last year have been reported in some areas. On the basis of breeding intentions reported about December 1, it was indicated that the number of sows farrowing this spring would be about 5 percent larger than the number that farrowed last spring. It now seems probable that the increase will be at least 5 percent and perhaps more. If prospects for 1938 corn and other feed crops continue favorable, a considerable increase in the 1938 fall pig crop probably will occur. Larger spring and fall pig crops than in 1937 will result in a larger hog slaughter in the marketing year 1938-39 than in 1937-38.

Hog prices declined further during April. The average price of \$7.90 for hogs at Chicago during the first week of May was the lowest weekly average at that market since mid-January. The weakness in prices in the last half of March and in April apparently reflected the weakness in consumer demand, since slaughter supplies were reduced in both months. Inspected hog slaughter in April, totaling about 2,462,000 head, was about 150,000 head smaller than in March and about 350,000 head smaller than in April last year.

BEEF CATTLE

Some weakness in prices of the better grades of slaughter cattle may develop in the early summer, as supplies of such cattle increase seasonally. The number of cattle on feed for market in the Corn Belt on April 1 was estimated to be 20 percent larger than the very small number on feed a year earlier. Reports from feeders indicate that market supplies of fed cattle after June will be larger than in recent months and considerably larger than in corresponding months of 1937. Prices of such cattle, nevertheless, are likely to advance seasonally in the late summer or early fall, as they have done in each of the past 16 years. But the advance at that time may not be marked or maintained for very long unless industrial employment and the demand for meats improve substantially.

Prices of the lower grades of cattle during the summer and fall months probably will decline as supplies increase seasonally.

Cattle prices remained relatively stable during March and April. Prices of the better grades of slaughter steers at Chicago in April averaged about the same as in March, while prices of the lower grades of steers and of slaughter cows were slightly higher. Prices of veal calves, however, were lower than those of a month earlier.

Market supplies of the better grades of steers were somewhat larger in April than a month earlier. But supplies of the lower grades of steers and of slaughter cows and heifers were relatively scarce. The number of cattle slaughtered under Federal inspection in April totaled 749,000 head, 8 percent smaller than in March and 7 percent smaller than a year earlier. Inspected calf slaughter in April was seasonally large but was considerably smaller than the large April slaughter last year.

LAMBS

Because of continued favorable conditions for the development of new crops lambs, and for finishing of yearling lambs in Texas, total slaughter of sheep and lambs in the late spring and in the summer is expected to be larger than a year earlier. The early spring lamb crop is at least 15 percent larger than the small early lamb crop of 1937. Although marketings of Texas yearling lambs during the remainder of the spring probably will be materially smaller than the record marketings of a year ago, this reduction is not likely to be great enough to offset entirely the prospective increase in marketings of early spring lambs.

As marketings of spring lambs increase seasonally in the next few months, further weakness in prices may develop. Prices of lambs usually decline from early June through August, and in some years the decline continues into the next 2 or 3 months.

Lamb prices in April were somewhat lower than in March. Prices of good and choice fed woolled lambs at Chicago in April averaged about \$8.25, approximately 35 cents lower than a month earlier and nearly \$4 lower than in April last year. Prices of good and choice spring lambs at Kansas City in late April averaged about \$8.50, approximately 75 cents lower than in early April and about \$3.50 lower than in late April 1937.

The number of sheep and lambs slaughtered under Federal inspection in April totaled 1,425,000 head, slightly smaller than a month earlier but 7 percent larger than a year earlier, and the fourth largest slaughter for the month on record. Marketings of fed lambs were relatively large in April, and marketings of early spring lambs got under way in fairly large volume.

WOOL

Present indications are that domestic wool prices will remain near present levels in the next few months. While some increase in domestic mill consumption of wool from current low levels is likely to occur in the second half of 1938, wool prices also will be affected by

the relatively large supplies of raw wool in the United States and foreign markets.

Stocks of apparel wool held by and afloat to United States dealers and manufacturers totaled 217 million pounds, grease basis, on March 26 and it is estimated that about 22 million pounds of domestic shorn wool remained on ranches and farms and in local warehouses in the 13 Western Sheep States. Stocks were considerably larger than on the corresponding dates of 1936 and 1937 and probably were above the April 1 average stocks of the past 10 years.

As the 1937-38 wool season in the Southern Hemisphere draws to a close it becomes increasingly evident that any decrease in the coming (1938-39) Southern Hemisphere wool clip which might result from droughts now reported in some areas will be offset by a larger carry-over at the end of the current season than a year earlier. Apparent supplies on April 1 in the five principal Southern Hemisphere countries were estimated at about 1 billion pounds and were 35 percent larger than a year earlier and larger than April 1 supplies in any of the 10 preceding years.

The weekly rate of mill consumption of apparel wool in the United States in March was 14 percent lower than in February and 60 percent lower than in March 1937. Consumption of apparel wool in the first quarter of 1938 was the smallest reported for any first quarter in the past 21 years of record. Activity of wool mills in recent months apparently has been much lower than the sales of wool items to consumers, and stocks of finished and semi-finished wool goods have been reduced. In view of the present reduced stocks of manufactured wool goods, some improvement in mill consumption from current low levels is expected within the next few months.

BUTTER

With butter production decidedly larger than a year earlier, and pay rolls smaller, butter prices have declined. April butter prices averaged the lowest for the month since 1934. Production during the coming summer will probably be considerably larger than in the summer of 1937, and pay rolls are likely to continue relatively low. Butter prices during the into-storage season this summer will average lower than in the same period of 1936 and 1937, but probably about the same as in the summer of 1934 and 1935. The level of prices, however, will be affected by the purchase program of the Federal Surplus Commodities Corporation. Purchases were started in February and have continued to date.

Production of creamery butter in March was 6 percent larger than a year earlier and the largest for the month since 1934. Current reports indicate that production has continued well above that of 1937. Pastures are in better condition than a year ago, stocks of feed on farms are

above average and prices of butterfat are about average in relation to feed prices.

Trade output of creamery butter in March was 2 percent smaller than in March 1937. A considerable volume was distributed by the Federal Surplus Commodities Corporation through relief channels. Trade output through regular commercial channels was about 4 percent smaller than a year earlier. Retail prices of butter in March were 11 percent less than in the same month of the preceding year. These changes indicate that consumer expenditures for butter were about 15 percent smaller than in March 1937. And during the coming summer and fall consumer expenditures will probably continue smaller than in the preceding year.

Last year was a fairly satisfactory season for storage operations. It was very favorable if the storage holdings were moved into consuming channels before the first of the year. And last year's favorable season no doubt will tend to stimulate storage operations this summer. Government purchases of butter, however, may tend to retard storage operations on the part of the trade.

POULTRY AND EGGS

The poultry and egg situation in April was characterized by (1) only slight changes in prices of poultry and eggs, (2) the probable seasonal low point of poultry receipts, (3) the probable seasonal peak of egg receipts, and (4) a very much reduced into-storage movement of eggs as compared with 1937.

Although some further small price declines may occur during the spring, the trend of egg prices is expected to be upward unless consumer incomes fall more than is now believed likely. Supplies of eggs are not expected to be as great as in 1937. Storage stocks are not accumulating to the same extent as they did a year ago, and a substantial reduction from 1937 appears likely in the August 1 holdings of both shell and frozen eggs. These smaller holdings are expected to more than offset the lower level of consumer incomes, and egg prices in the last half of 1938 probably will be somewhat above those of 1937.

The price of chickens is declining relative to the 10-year average for corresponding months. With a larger hatch expected than in 1937, and smaller consumer incomes, chicken prices by mid-year are likely to go under those of 1937, and to continue below those of a year earlier throughout the fall and winter. Supplies of poultry, both in storage and on farms, at present are quite low.

FRUIT

Fruit prospects for 1938 now appear to be close to average. Freezes in early April caused considerable injury to peaches and cherries in the Central and North Atlantic States. Damage was generally less severe in the Southern peach States, except in Oklahoma and Texas, where frost damage to peaches is reported to be heavy. Growing conditions during April were generally favorable in the Pacific Northwest and California. In these States the bloom for nearly all crops has been heavy, and the set of fruit is expected to be good in most sections. The new crop of oranges, grapefruit, and lemons have started under favorable conditions, except in Florida where the droppage of young citrus fruit has been heavier than usual because of lack of rainfall.

Prospective production of peaches in the 10 Southern peach States was indicated on May 1 at 16 million bushels, compared with the 1937 crop of 12 million bushels, and the 1927-36 average production of 14 million bushels. Prices received by peach growers in the Southern States appear to be determined to a considerable extent by production in these States and by the general level of consumer purchasing power. Production in areas in which the marketing periods partially overlap that of the Southern season also seem to be of material significance. With production in the Southern States indicated to be about one-third greater than the small crop of 1937, and with consumer purchasing power at a materially lower level than during the peach marketing season a year ago, prices received by Southern peach growers this year will undoubtedly average considerably below the relatively high prices of last season.

POTATOES

A greater than seasonal decline in market prices of new potatoes occurred during the past month as shipments from Alabama and Louisiana started moving almost 2 weeks earlier than usual. Marketings from Florida also picked up and caused prices of old potatoes in the eastern markets to decline slightly. Prices of old potatoes in the middle western markets were fairly steady except for the slight decline in prices of Idaho Russets.

The supply of new potatoes this season is about as large as last year but is being marketed about 2 weeks earlier. Since marketings of the early crop usually increase sharply as the season advances, the earliness of the season has caused shipments to be unusually large for this time of the year. Shipments of new potatoes totaled 13,500 cars through May 7, compared with 9,400 cars through May 6 last year. The season's peak of shipments of new potatoes probably will be reached earlier than last year. Weekly shipments of old potatoes are decreasing rapidly, and it is expected that the movement will be practically completed by the end of May. About 7,000 cars are indicated for shipment after May 7, compared with about 5,300 cars shipped after May 6 last year.

Production in the fall States and two sections of early States is now indicated to be 22,725,000 bushels this season, compared with 22,545,000 bushels harvested last season and 12,673,000 bushels, the 10-year average crop. Although no estimates of the second-early and intermediate potato crops are available, acreages planted in these areas are indicated to be 13 percent and 7 percent, respectively, smaller than a year ago. The condition of the potato crop in these areas is reported to be very good.

TRUCK CROPS

The immediate prospect is for larger supplies of spring vegetables and for somewhat lower market prices of these products during the coming weeks. Practically all of the important truck crops registered seasonal price-declines from early April to early May. Lettuce reached an exceptionally high price level in mid-April, but then declined rather sharply as supplies from California increased. Florida tomatoes also sold at their high point in early April and have since declined. Western carrot prices have held rather firmly in the last few weeks. Western cauliflower and Florida cucumbers have advanced since their low point of early April. Sweet-potato prices have been steady to slightly higher. Cabbage, tomatoes, and lettuce have been very plentiful in recent weeks, with liberal supplies also of snap beans, celery, and onions. The first car of Florida watermelons went to market before May 1, and the general supply of spring melons, fruits, and vegetables is expected to be abundant.

The early asparagus crop (mainly in California) is indicated to be about 12 percent smaller than that of last year, but the late States expect a production about 13 percent above that of 1937 and 60 percent above the 10-year average crop. The second-early crop of snap beans is also indicated to be somewhat above average and 35 percent greater than last year's harvest. The early crop of cantaloups, chiefly in Imperial Valley of California, is about one-fourth smaller than in 1937 and also about a fourth smaller than the average crop for 1927-36. Acreage of second-early cantaloups is about 11 percent larger than last year's acreage. The intermediate crop of green peas in three southeastern States is indicated to be 8 percent smaller than that of last season. The spring crop of green peppers in Florida also is slightly below that of last year and much smaller than average. Production of early (Florida and California) watermelons is indicated to be about 10 percent greater than the 1937 early production. Second-early plantings of watermelons have fallen short of the original intentions of growers, but the late acreage is expected to be very large this year.

Business statistics relating to the demand for farm products, specified periods

Year and month	Nation- al income 1/	Nonagri- cultural income 2/	Indus- trial pro- duction 3/	Build- ing con- tracts awarded 3/	Factory employ- ment 4/	Income : Foreign :			: Retail :			Prices :			: Ratio of		
						of	indus- trial	pro- duction	All commod- ity	prices by	re- ceived	Prices paid	by	to	prices received	prices paid	prices received
Base period -	1929	1924-29	1923-25	1923-25	1923-25	1924-29	1923-25	1923-25	1910-14	1910-14	1913	1910-14	1910-14	1910-14	1910-14	1910-14	1910-14
1929	100	107	119	117	105	106	136	136	139	166	146	153	153	153	95	95	95
1930	93	100	96	92	91	87	124	124	126	158	126	145	145	145	87	87	87
1931	79	86	81	63	77	67	111	111	107	130	87	124	124	124	70	70	70
1932	62	68	64	28	66	46	97	97	95	108	65	107	107	107	61	61	61
1933	58	63	76	25	72	48	107	107	96	105	70	109	109	109	64	64	64
1934	66	72	79	32	82	60	116	116	109	117	90	123	123	123	73	73	73
1935	70	77	90	37	86	67	124	124	117	127	108	125	125	125	86	86	86
1936	80	87	105	55	92	77	132	132	118	130	114	124	124	124	92	92	92
1937 1/	87	96	110	59	99	90	144	144	126	135	121	130	130	130	93	93	93
1937-																	
Jan.	85	93	114	63	96	87	138	138	125	134	131	130	130	130	101	101	101
Feb.	86	94	116	62	99	88	141	141	126	134	127	132	132	132	96	96	96
Mar.	88	95	118	56	101	91	143	143	128	135	128	132	132	132	97	97	97
Apr.	88	96	118	53	102	94	145	145	128	136	130	134	134	134	97	97	97
May	88	97	118	56	102	95	147	147	128	137	128	134	134	134	96	96	96
June	88	97	114	61	101	94	146	146	127	137	124	134	134	134	93	93	93
July	88	98	114	67	101	95	141	141	128	136	125	133	133	133	94	94	94
Aug.	89	98	117	62	102	95	142	142	128	135	123	132	132	132	93	93	93
Sept.	88	97	111	56	102	92	147	147	128	136	118	130	130	130	91	91	91
Oct.	87	97	102	52	101	90	148	148	125	135	112	128	128	128	88	88	88
Nov.	85	95	88	56	95	83	149	149	122	132	107	127	127	127	84	84	84
Dec.	84	98	84	61	89	76	146	146	119	131	104	126	126	126	83	83	83
1938-																	
Jan.	82	90	80	52	82	70	141	141	118	127	102	126	126	126	81	81	81
Feb.	81	*88	79	51	82	69	141	141	116	124	97	126	126	126	77	77	77
Mar. 11/	80	88	79	48	82	68			116	125	96	125	125	125	77	77	77
Apr. 11/									115	126	94	125	125	125	75	75	75

*Beginning Feb. 1938, index includes unemployment compensation paid by Social Security Board.

Continued -

Business statistics relating to the demand for farm products, specified periods - Continued

NOTES:

- 1/ Department of Commerce monthly and annual index numbers of "national income paid out", 1929 = 100. (monthly adjusted for seasonal variation). Comprises the payments to or receipts by individuals in the form of wages, salaries, interest, dividends, entrepreneurial withdrawals, and net rents and royalties. Monthly index described in Survey of Current Business, February 1938.
- 2/ Industrial Relations Division of the Agricultural Adjustment Administration, 1924-29 = 100, adjusted for seasonal variation. Entire series was revised in July 1937.
- 3/ Federal Reserve Board index, 1923-25 = 100, adjusted for seasonal variation.
- 4/ Bureau of Labor Statistics index, 1923-25 = 100, without seasonal adjustment.
- 5/ Bureau of Agricultural Economics, 1924-29 = 100, adjusted for seasonal variation. Includes factory workers, railroad and mining employees.
- 6/ Bureau of Agricultural Economics, 1923-25 = 100, adjusted for seasonal variation. Weighted average of index numbers of industrial production for nine foreign countries - United Kingdom, France, Germany, Italy, Japan, Canada, Belgium, Czechoslovakia, and Poland. Series was revised from January 1920 through July 1935 in July 1937 - and from August 1935 through August 1937 in November 1937.
- 7/ Bureau of Labor Statistics index, 1910-14 = 100, without seasonal adjustment.
- 8/ Bureau of Labor Statistics index, 1913 = 100.
- 9/ Bureau of Agricultural Economics, August 1909-July 1914 = 100.
- 10/ Bureau of Agricultural Economics, 1910-14 = 100.
- 11/ Preliminary.